



# LAWS OF ALASKA

1966

Source:

HB 167 am

Chapter No.:

9

## AN ACT

Concerning insider trading of domestic stock insurance company equity securities; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* Section 1. AS 21.10 is amended by adding new sections to read:

### ARTICLE 8. INSIDER TRADING OF DOMESTIC STOCK INSURANCE COMPANY EQUITY SECURITIES

Sec. 21.10.885. FILING STATEMENT OF OWNERSHIP OF EQUITY SECURITIES. Every person who is directly or indirectly the beneficial owner of more than 10 per cent of any class of any equity security of a domestic stock insurance company, or who is a director or an officer of such company, shall file with the department before July 1, 1966, or within 10 days after he becomes such beneficial owner, director or officer, a statement of the amount of all equity securities of such company of which he is the beneficial owner. Within 10 days after the close of each calendar month thereafter, if there has been a change in his ownership during the month, the beneficial owner, director or officer

shall file with the department a statement indicating his ownership at the close of the calendar month, the changes in his ownership as have occurred during the calendar month, and any other information required by the department. Statements shall be made in a form prescribed by the department.

Sec. 21.10.890. SUIT TO RECOVER PROFITS REALIZED ON UNFAIR USE OF INFORMATION. For the purpose of preventing the unfair use of information which may have been obtained by a beneficial owner of more than 10 per cent of any class of any equity security, or director or officer by reason of his relationship to a company, any profit realized by him from any purchase and sale, or any sale and purchase, of any equity security of the company within any period of less than six months, unless the security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the company. The profit shall inure to and be recoverable by the company irrespective of any intention on the part of the beneficial owner, director or officer in entering into the transaction of holding the security purchased or of not repurchasing the security sold, for a period exceeding six months. Suit to recover the profit may be instituted at law or in equity in the superior court by the company, or by the owner of any security of the company in the name and in behalf of the company if the company shall fail or refuse to bring a suit within 60 days after request or shall fail diligently to prosecute the same thereafter. However, no suit to recover profit shall be brought more than two years after the date the profit was realized. This section shall not be construed

to cover any transaction where the beneficial owner was not a beneficial owner both at the time of the purchase and sale, or the sale and purchase, of the security involved, nor shall it cover any transaction or transactions which the department by rules and regulations may exempt as not comprehended within the purpose of this section.

Sec. 21.10.895. UNLAWFUL SALES OF EQUITY SECURITIES.

It shall be unlawful for any beneficial owner of more than 10 per cent of any class of equity stock, or director or officer, directly or indirectly, to sell any equity security of the company if the person selling the security or his principal (a) does not own the security sold, or (b) if owning the security, does not deliver it against the sale within 20 days thereafter, or does not within five days after the sale deposit it in the mails or other usual channels of transportation; but no person shall be deemed to have violated this section if he proves that notwithstanding the exercise of good faith he was unable to make such delivery or deposit within the time prescribed, or that to do so would cause undue inconvenience or expense.

Sec. 21.10.900. EXEMPTION OF CERTAIN SALES OF EQUITY SECURITIES. The provisions of sec. 890 of this chapter shall not apply to any purchase and sale, or sale and purchase, and the provisions of sec. 895 of this chapter shall not apply to any sale, of an equity security of a domestic stock insurance company not then or theretofore held by him in an investment account, by a dealer in the ordinary course of his business and incident to the establishment or maintenance by him of a primary or secondary market

(otherwise than on an exchange as defined in the Securities Exchange Act of 1934, as amended) for such security. The department may, by rules and regulations it deems necessary or appropriate in the public interest, define and prescribe terms and conditions with respect to securities held in an investment account and transactions made in the ordinary course of business and incident to the establishment or maintenance of a primary or secondary market.

Sec. 21.10.905. ARBITRAGE TRANSACTIONS EXEMPTED. The provisions of secs. 885 - 895 of this chapter shall not apply to foreign or domestic arbitrage transactions unless made in contravention of such rules and regulations as the department may adopt in order to carry out the purposes of this article.

Sec. 21.10.910. EXEMPTION OF REGISTERED OR CLOSELY HELD EQUITY SECURITIES. The provisions of secs. 885 - 895 of this chapter shall not apply to equity securities of a domestic stock insurance company if (a) the securities shall be registered, or shall be required to be registered, pursuant to section 12 of the Securities Exchange Act of 1934, as amended, or if (b) the domestic stock insurance company shall not have any class of its equity securities held of record by 100 or more persons on the last business day of the year next preceding the year in which equity securities of the company would be subject to the provisions of secs. 885 - 895 of this chapter except for the provisions of this section.

Sec. 21.10.915. ENFORCEMENT. The department may, pursuant to AS 44.62, issue rules and regulations necessary

for the execution of the functions vested in it by secs. 885 - 910 of this chapter, and may for that purpose classify domestic stock insurance companies, securities, and other persons or matters within its jurisdiction. No provision of secs. 885 - 890 of this chapter imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the department, notwithstanding that the rule or regulation may, after the act or omission, be amended or rescinded or determined by judicial or other authority to be invalid for any reason.

Sec. 21.10.920. DEFINITIONS. In this article,

(1) "equity security" means any stock or similar security; or any security convertible, with or without consideration, into stock or similar security, or carrying any warrant or right to subscribe to or purchase stock or similar security; or any such warrant or right; or any other security which the department shall deem to be of similar nature and consider necessary or appropriate, by rules and regulations the department may prescribe in the public interest or for the protection of investors, to treat as an equity security;

(2) "officer" means a president, vice president, treasurer, actuary, secretary, controller, and any other person who performs for the company functions corresponding to those performed by the foregoing officers;

(3) "domestic stock insurance corporation" means a stock insurance corporation organized under the laws of this state or the Territory of Alaska.

\* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.